



City of Waukesha
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Committee: Finance Committee	Date: 2023-06-07
Common Council Item Number: Final Industrial Revenue Bond Resolution - 707 Executive Place 23-7039	Date: 2022-06-20
Submitted By: Jeff Fortin	City Administrator Approval: Gina Kozlik
Finance Department Review: Joseph P. Ciarro	City Attorney's Office Review: Brian Running
Subject: Review and act on a Final Resolution Regarding Industrial Development Revenue Bond Financing for 707 Executive Place Holdings, LLC Project.	

Details:
 On May 16, 2023 the Common Council adopted an Initial Resolution for Industrial Revenue Bond Financing in an amount not to exceed \$3,000,000, for 707 Executive Place Holdings, LLC to facilitate the construction of a new 48,000 square foot facility and purchase of eligible manufacturing equipment. The facility will be operated by Sky High Marketing, Inc., which is currently located downtown but has outgrown their space. Final site and architectural plans for this project were approved at the April 26, 2023 Plan Commission meeting.

Industrial Revenue Bonds are a financing mechanism that allows companies to use municipal bonds to finance projects. The City's role in approving these bonds is only to act as a conduit or pass-through. By acting as the conduit issuer, the City can grant the Company a significant monetary benefit, at no cost to the City, because the Company will enjoy a lower interest rate as a result of using this bond structure.

The way IRB's work is a lending institution will directly purchase the bonds. The lender for the bonds will look solely to the Company for repayment and not to the City. The City will assign all of its rights, liability and responsibilities under the bonds to the lender as the bondholder. The Company will be fully responsible for repaying the loan and must make the arrangements with the lender for the payment on the bonds. If the Company is not able to meet its payment obligations, the lender will realize on its collateral and enforce its rights against the Company. The City is not liable for payment of the bonds, nor do the bonds count against the City's borrowing capacity. In the event of the borrower defaulting on the loans, the City is not responsible for repayment, nor would that default have any effect on the City's credit or bond rating.

There is a two-step process for issuing Industrial Revenue Bonds. The Initial Resolution was the first step. This next and final step requires a Public Hearing in front of the Common Council (scheduled for June 20, 2023 at 6:30 PM) as well as Finance Committee and Council review and approval of the Final Resolution.

Options & Alternatives:

1. Approve the Final Resolution
2. Deny the Final resolution and the applicant will need to seek alternative funding sources for this project

Financial Remarks:

The Resolution would have no financial impact on the City. All costs incurred will be the responsibility of the applicant.

Executive Recommendation:

Staff recommends the Common Council approve the Final Resolution Regarding Industrial Development Revenue Bond Financing for 707 Executive Place Holdings LLC Project.